

# Senate Study Bill 1254 - Introduced

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON EDUCATION BILL BY  
CHAIRPERSON QUIRMBACH)

## A BILL FOR

1 An Act relating to school district funding by establishing a  
2 district cost per pupil equity budget adjustment, modifying  
3 limitations on the cash reserve levy, and including  
4 effective date provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.2, subsection 2, Code 2015, is  
2 amended by striking the subsection.

3 Sec. 2. NEW SECTION. **257.14A District cost per pupil equity**  
4 **— budget adjustment.**

5 1. The board of directors of a school district with a  
6 regular program district cost per pupil that is less than the  
7 highest regular program district cost per pupil among all  
8 school districts in the state for the same budget year that  
9 wishes to receive the budget adjustment under this section may  
10 adopt a resolution by May 15 preceding the budget year and  
11 shall notify the department of management of the adoption of  
12 the resolution and the amount of the budget adjustment to be  
13 received.

14 2. *a.* For budget years beginning on or after July 1,  
15 2015, each school district that satisfies the requirements of  
16 subsection 1 shall be eligible for a budget adjustment for that  
17 budget year in an amount not to exceed the difference between  
18 the school district's regular program district cost per pupil  
19 and the highest regular program district cost per pupil among  
20 all school districts in the state multiplied by the district's  
21 budget enrollment. The resolution adopted under subsection 1  
22 may specify a budget adjustment amount that is less than the  
23 maximum amount authorized under this paragraph.

24 *b.* The school district shall fund the budget adjustment  
25 increase either by using moneys from its unexpended fund  
26 balance or by using cash reserve moneys.

27 3. A budget adjustment received under this section shall  
28 not affect the eligibility for or amount of any other budget  
29 adjustment authorized by law for the same budget year. In  
30 addition, a budget adjustment under this section shall be  
31 limited to the budget year for which the adjustment was  
32 authorized and shall not be included in any computation of a  
33 school district's cost for any future budget year.

34 Sec. 3. Section 257.34, Code 2015, is amended to read as  
35 follows:

1     **257.34 Cash reserve information.**

2     1. If a school district receives less state school  
3 foundation aid under section 257.1 than is due under that  
4 section for a base year and the school district uses funds  
5 from its cash reserve during the base year to make up for  
6 the amount of state aid not paid, the board of directors of  
7 the school district shall include in its general fund budget  
8 document information about the amount of the cash reserve used  
9 to replace state school foundation aid not paid.

10    2. If a school district uses funds from its cash reserve  
11 during the base year to fund a budget adjustment under section  
12 257.14A, the board of directors of the school district shall  
13 include in its general fund budget document information about  
14 the amount of the cash reserve used for such purpose.

15    Sec. 4. Section 298.10, subsection 3, Code 2015, is amended  
16 to read as follows:

17    3. a. For Except as provided in paragraph "b", for fiscal  
18 years beginning on or after July 1, 2012, the cash reserve  
19 levy for a budget year shall not exceed twenty percent of the  
20 general fund expenditures for the year previous to the base  
21 year minus the unexpended fund balance, as defined in section  
22 257.2, for the year previous to the base year.

23    b. For fiscal years beginning on or after July 1, 2015,  
24 the cash reserve levy for a school district that received a  
25 budget adjustment under section 257.14A, shall not exceed the  
26 lesser of the amount determined under paragraph "a" and the  
27 amount levied under this section in the year previous to the  
28 base year, excluding any amount levied to fund a modified  
29 supplemental amount established under section 257.31.

30    Sec. 5. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
31 immediate importance, takes effect upon enactment.

32                                   EXPLANATION

33                   The inclusion of this explanation does not constitute agreement with  
34                   the explanation's substance by the members of the general assembly.

35    This bill establishes a district cost per pupil equity

1 budget adjustment. The board of directors of a school district  
2 with a regular program district cost per pupil that is less  
3 than the highest regular program district cost per pupil among  
4 all school districts in the state for the same budget year may  
5 annually adopt a resolution to receive the budget adjustment  
6 authorized in the bill. Following adoption of the resolution  
7 the board of directors must notify the department of management  
8 of the adoption of the resolution and the amount of the budget  
9 adjustment to be received.

10 For budget years beginning on or after July 1, 2015, each  
11 eligible school district is eligible for a budget adjustment  
12 for that budget year in an amount equal to the difference  
13 between the school district's regular program district cost  
14 per pupil and the highest regular program district cost per  
15 pupil among all school districts in the state multiplied by  
16 the district's budget enrollment. The resolution authorizing  
17 the budget adjustment may specify a budget adjustment amount  
18 that is less than the maximum amount authorized under the  
19 bill. The bill requires the school district to fund the budget  
20 adjustment increase either by using moneys from its unexpended  
21 fund balance or by using cash reserve moneys.

22 The bill specifies that the budget adjustment received does  
23 not affect the eligibility for or amount of any other budget  
24 adjustment authorized by law for the same budget year and that  
25 the budget adjustment under the bill is limited to the budget  
26 year for which the adjustment was authorized and shall not be  
27 included in any computation of a school district's cost for any  
28 future budget year.

29 Under the bill, if a school district uses funds from its  
30 cash reserve during the base year to fund a budget adjustment  
31 authorized in the bill, the board of directors of the school  
32 district shall include in its general fund budget document  
33 information about the amount of the cash reserve used for such  
34 purpose.

35 Code section 298.10 directs the department of management to

1 limit the school district's cash reserve levy to a level that  
2 is not in excess of 20 percent of the general fund expenditures  
3 for the year previous to the base year minus the unexpended  
4 fund balance for the year previous to the base year. The bill  
5 provides that for fiscal years beginning on or after July 1,  
6 2015, the cash reserve levy for a school district that received  
7 a budget adjustment under the bill, shall not exceed the lesser  
8 of the amount determined under the current law limitation and  
9 the amount levied for cash reserve in the year previous to  
10 the base year, excluding any amount levied to fund a modified  
11 supplemental amount established under Code section 257.31.  
12 The bill takes effect upon enactment.